The challenge is never over and we must continue ensuring safer roads in the province.

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Corporate Profile

The Insurance Corporation of British Columbia (ICBC) is a provincial Crown corporation established in 1973 to provide universal auto insurance to B.C. motorists. In addition, the Corporation is responsible for all driver and vehicle-related services, including commercial vehicle compliance.

All motorists in B.C. are required to buy a basic package of ICBC Autoplan insurance that includes accident benefits, third party legal liability protection and underinsured motorist protection. The Corporation competes with private insurance carriers by offering extended third party legal liability and other optional insurance coverage.

ICBC operates on a non-profit, break-even mandate. In setting premiums, we do not discriminate on the basis of age, sex or marital status. We collect insurance premiums from more than two-and-a-half-million motorists and invest these premiums to provide insurance benefits for our customers and victims of crashes.

We work with communities and stakeholder groups to help them take responsibility for their road safety challenges. We also promote safe driving through a series of public education efforts under the umbrella name of Road Sense.

ICBC's mission: Helping British Columbians take the risk out of road transportation. We work towards that goal by providing effective and reliable auto insurance to all B.C. motorists and developing and implementing a wide range of road safety and auto crime programs.

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Message from > **Robert Williams**

Chair, ICBC
Board of Directors

A year to celebrate

This year represents the best performance in ICBC's history. Credit for these results can be shared by us all: company employees and management, the Board, and the citizens of British Columbia.

The Corporation's management and Board can credit the Six-Point Plan that was put in place in 1997 for some of the results. That Plan focused on reducing unsafe speed, the graduated licensing system, anti-fraud activity, and other safety initiatives which have all paid off. That's something to celebrate.

These fine results, however, would not have happened without the support of the public. We are speeding less, and we are driving more carefully. That's something to celebrate.

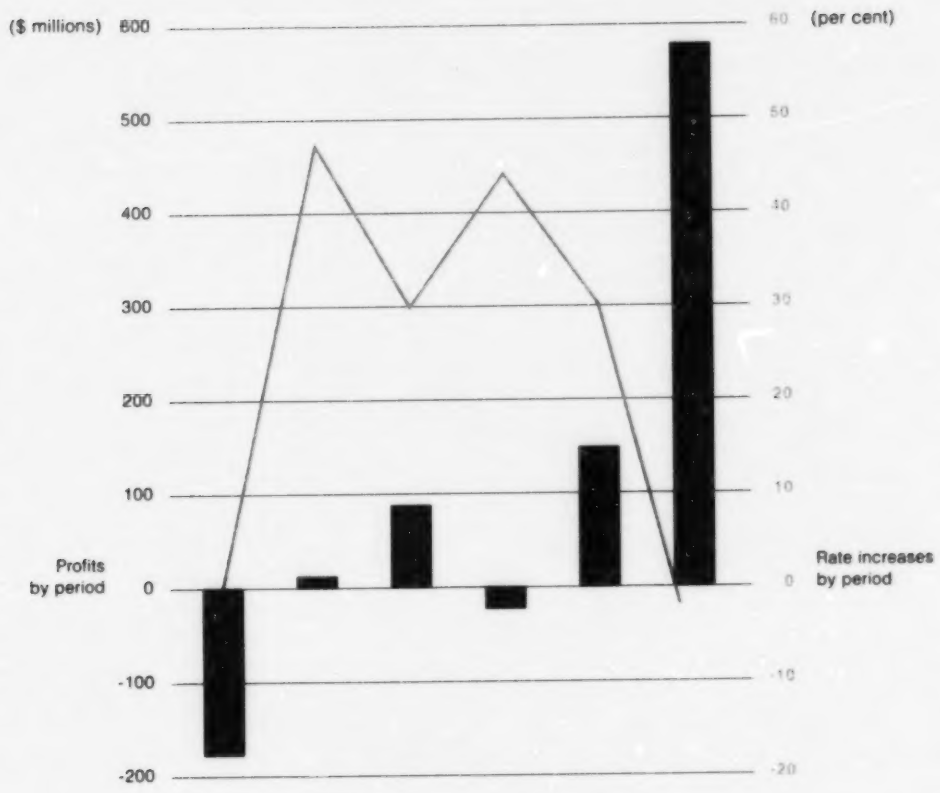
In addition, ICBC has invested its reserve funds more effectively. Indeed, this was the third year in a row where this company out-performed all of the other insurance companies in the country in terms of investment returns. That's something to celebrate.

But more than all this, your public insurance company has invested in new safety initiatives across the province...from new crosswalks and lighting to safer intersections and new road anti-icing methods. In fact, we are seen more and more as a world leader in these important new safety areas. That's something to celebrate.

In turn, these financial results are being shared with the majority of our policyholders who are safe drivers; they will be receiving a $100 rebate. Even with the $100 rebate, there will still be funds for more safety initiatives and our rainy day fund.

We think the citizens of British Columbia will agree with us that this is indeed something to celebrate.

Rate increases / profits by period



Periods (years)	1973-76	1977-81	1982-86	1987-91	1992-96	1997-00
Profits ($ millions)	-178	3	88	-23	149	587*
Rate increases (per cent)	0	47.8	29.9	44.2	30.3	-2.1

* before road [illegible]ity dividends

Message from > Thom Thompson

President and CEO

Good business for B.C.

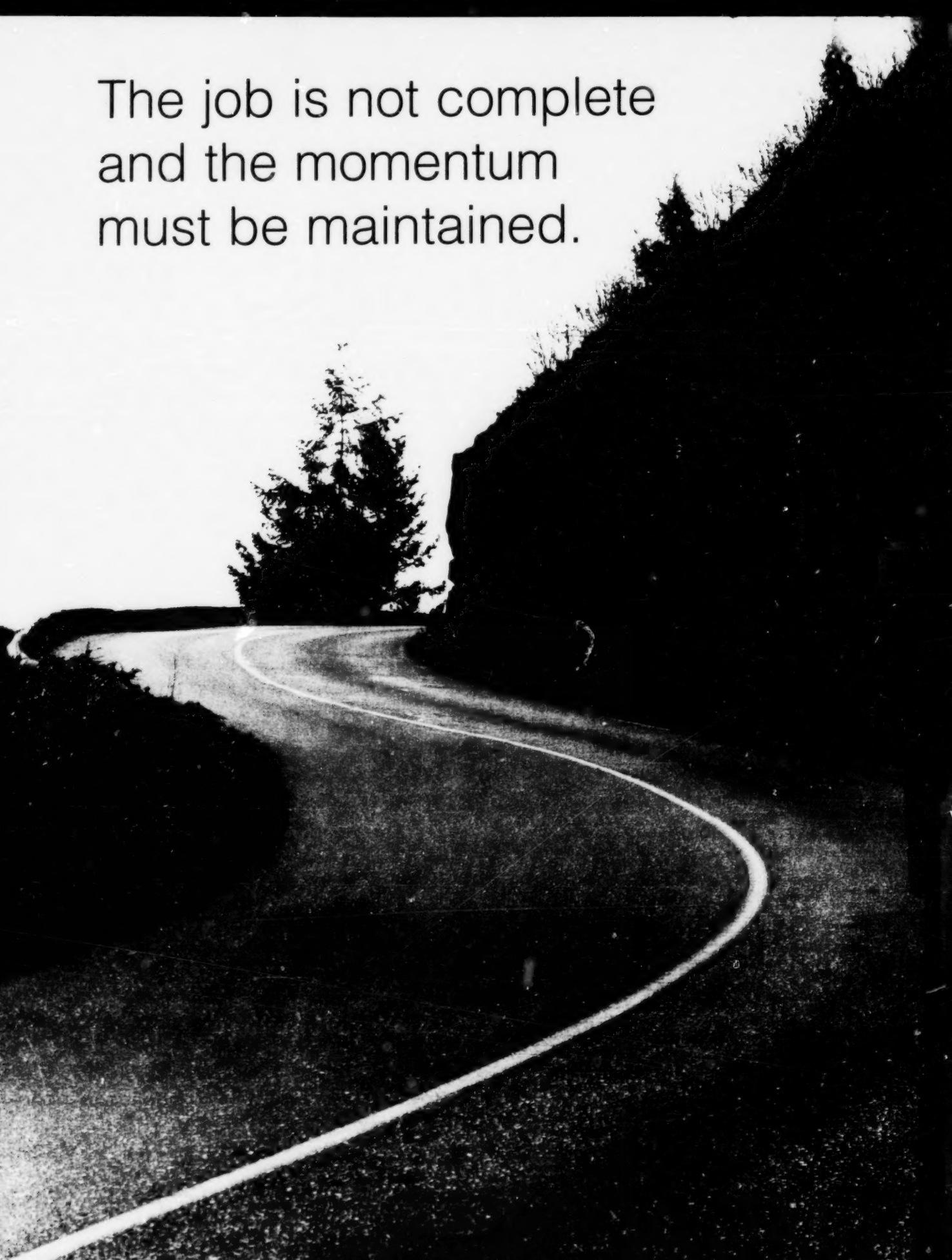
2000 was a banner year for people insuring their automobiles in British Columbia. It capped off five years of zero rate increases with enough financial success to return money to customers. It hasn't always been like this. In B.C., as elsewhere, car insurance rate increases seemed inevitable and predictable as crashes and claims costs escalated. The attached graph shows steady increases through the '70s, '80s and '90s of between 30 per cent and 50 per cent every five years. That is why five years ago we decided to challenge ourselves and British Columbia drivers to reverse the trend. Here are the results.

We started to look at ways of controlling our costs. We turned our focus to loss prevention, and invested in road safety programs to reduce the number of claims. Stopping the crash before it happens is the key to safer roads and lower rates. For example, our Road Improvement Program — which sees us partner with municipalities around the province to fix unsafe intersections and corridors — has had a better than two-to-one return on investment, based on before and after studies of crashes at the target locations.

We also pay attention to running ICBC as a business. Like all insurance companies, we continually look at smarter ways to generate income by investing our existing reserves. We currently have about 85 per cent of our reserve funds invested in fixed-income assets, such as bonds, money market and mortgage-backed investments, with the remaining 15 per cent in equities and real estate. An improving trend in our claims payouts began to take shape in the first half of the 1990s. The past year caps off a dramatic turnaround in the 27-year history of the Corporation. It was by far our most successful financial 12 months ever. Due to sound fiscal management and smart investing, our year-end income before road safety dividend was $357 million. This was despite a fifth consecutive year of a rate freeze – recently extended to a sixth for 2001. We also saw a decline in claim numbers over 1999 – and in the cost of settling those claims.

ICBC's investment portfolio generated $177 million more in income than in 1999. To put this in perspective, Towers Perrin – a global management consulting firm and independent insurance industry analyst – has rated ICBC as the top-performing equity manager among all property and casualty insurers in Canada for three consecutive years. Today, the reality is that ICBC is a major contributor to the province and to the well-being of British Columbians. We are returning our "profit" to our customers, the drivers of British Columbia. When ICBC succeeds, through lower claims costs and investment performance, everyone shares in the benefits. When we issued our first dividend two years ago, we committed to sharing surpluses when they occur. Good business produced the surplus, and it is good business for us to share it.

The challenge is never over. We know from history that crashes and claims can climb again unless we find even more ways to make our road transportation system safer, cut costs in the system and generate revenue. If we don't, we'll return to the days of ever-escalating crashes and insurance rates.


The job is not complete
and the momentum
must be maintained.

A breakthrough year

For the Insurance Corporation of B.C., the year 2000 represented the culmination of several encouraging five-year trends, and resulted in a breakthrough year.

Income before the road safety dividend was $357 million, an all-time high for the Corporation. Numbers of Autoplan policies sold, premium revenue and investment income all reached record levels in 2000. While claims recorded fluctuated through the five years since 1996, claims recorded in 2000 declined slightly from 1999. Even more encouragingly, the number of injury claims dropped by approximately five per cent.

This is indeed good news, considering that a long-term strategy to reduce the number of crashes and contain claims costs started back in 1992. That's when the first steps were taken to ensure subjective claims for soft tissue injury were very carefully scrutinized. A proactive road safety strategy was adopted soon afterwards, with ICBC funding new programs that included intersection improvements in partnership with municipalities, child car seat campaigns, vehicle design improvements, speed enforcement strategies, and a comprehensive plan to combat fraud. The name *Road Sense* was coined for the program.

The equation for success was simple. Less carnage on the roads and reduced claims costs equal lower premiums for B.C. motorists.

When the provincial government made the decision to freeze ICBC rates for two years in March of 1996, it also agreed to help the Corporation decrease costs. After extensive study and public consultation through 1996, it had become clear that British Columbians favoured a stronger emphasis on road safety to reduce costs and keep rates affordable, rather than any reform of our current insurance system.

The government responded by merging the former Motor Vehicle Branch (MVB) and ICBC into one dedicated insurance and licensing agency. The second step took place in June 1997, when the government brought forward some of the most stringent driving regulations in B.C. history. The initiative —known as the Six-Point Plan—relied on a combination of new technology and stiff penalties to encourage good driving and to penalize those who drive dangerously. The enforcement legislation, together with the Corporation's new regulatory powers through MVB, made the road safety programs much more effective. These factors allowed ICBC to pursue two major strategic tracks: first, expanding road safety programs even further to reduce crash costs; and second, the parallel track of advanced anti-fraud programs and ways to control the costs of claims.

This was encapsulated in the Corporation's new mission statement adopted in 1996: *Helping British Columbians take the risk out of road transportation.*

Five-year comparison For the years ended December 31

	2000	1999	1998	1997	1996
Autoplan policies[1]	2,614,000	2,572,000	2,552,000	2,499,000	2,452,000
Premium income ($000)	2,387,031	2,382,411	2,368,929	2,303,456	2,276,566
Licences and fines revenue ($000)	422,628	423,348	435,558	410,249	–
Average premium ($)	882	888	893	877	890
Claims reported during year	1,026,000	1,029,000	992,000	1,002,000	949,000
Cost of claims incurred					
Incurred during the year ($000)	2,006,151	2,080,270	2,134,604	2,189,128	2,229,584
Prior years' claims development ($000)	(266,336)	(238,200)	(219,456)	(163,205)	(104,108)
Total cost of claims incurred ($000)	1,739,815	1,842,070	1,915,148	2,025,923	2,125,476
Expense ratio (%)[2]	23	22	19	18	15
Investment income ($000)	625,660	449,188	412,236	386,950	348,498
Investments at year end ($000)	5,841,304	5,606,029	5,623,297	5,290,821	4,927,785
Unpaid claims ($000)	3,889,839	3,970,298	3,959,129	3,782,720	3,666,062
Total assets ($000)	6,191,408	5,945,610	5,984,391	5,650,216	5,295,697
Income (loss) before road safety dividend ($000)	357,240	95,723	120,465	13,985	(140,209)
Road safety dividend ($000)	218,500	–	47,000	–	–
Net income (loss) for the year ($000)	138,740	95,723	73,465	13,985	(140,209)
Rate Stabilization Reserve ($000)	459,741	381,001	285,278	211,813	197,828
Safer Roads Fund ($000)	60,000				
Average number of employees[3]	6,198	5,798	5,453	4,607	4,160

1 Annualized values have been used for policies with a term of less than 12 months.
2 Expense ratio is based on expenses as a percentage of gross revenue.
3 Commencing 1998, the average number of employees reflects the first full year of integration of Licensing and Commercial Vehicle operations.
Certain comparative figures have been restated to conform to the current year's presentation.

Reducing the risk

In the early 1990s when road safety programs were introduced in our province, B.C. had one of the highest crash rates in Canada. Driving behaviours obviously had to change — and we knew that any noticeable difference would take several years to develop.

Clearly, our road safety programs have had an effect as people drive more carefully. A decrease in injury claims has allowed the Corporation to hold the line on rate increases. A continuing decline in the cost of settling prior years' claims has also allowed us to reduce our claims reserves and to make substantial investments in road safety — approximately $30 million in 1997, $40 million in 1998, and $60 million in each of 1999 and 2000.

These road safety investments appear to be paying off in terms of reduced rates of vehicle-related crashes in B.C. Between 1996 and 1999, fatalities declined by almost 11 per cent from 512 to 454 and injury crashes declined by 11 per cent, from 49,558 to 43,913. Preliminary indications for 2000 indicate a further decline in fatalities of about two per cent over 1999.

Fatality and injury stats*

	1996	1997	1998	1999	Percentage change**
Fatalities	512	475	472	454	-11
Fatal crash rate per 10,000	1.82	1.67	1.59	1.58	-13
Injury crashes	49,558	47,433	45,468	43,913	-11
Injury crash rate per 10,000	198.72	187.04	174.32	167.28	-16

*As of third quarter 2000
**From 1996 through 1999

Beyond the financial benefit to reducing crashes and injuries, there is the human cost that can't be measured in dollars and cents. Employees of the Corporation daily see firsthand the toll that motor vehicle crashes take on families. That's why it's vital we continue to create community awareness of the situation on our roads and coordinate the necessary actions to resolve the problems.

Corporation takes aim at fraud

Success over the last several years can also be attributed to ICBC's increasingly tough stand against fraud. The Canadian Coalition Against Insurance Fraud estimates that insurance fraud costs Canadians up to $2.3 billion every year.

ICBC was one of the first Canadian insurers to establish a Special Investigation Unit (SIU) to combat insurance fraud and now operates one of the largest SIU units in North America. SIU investigators work with ICBC adjusters and estimators who are trained to watch for signs of potential fraud. SIU also works with police and other agencies when appropriate. Evidence gathered through investigations can result in criminal charges, civil actions or both. In other situations, a claim can be denied or, when confronted with evidence of potential fraud, a claimant may abandon the claim.

Some of the big wins this past year included:

> 176 criminal charges laid against 99 people with 41 convictions obtained, our best year ever.

> 131 defendants named in civil suits.

ICBC has maintained its policy of commencing civil suits to shut down fraudulent activities and recover money paid out for fraudulent claims and vendor billings.

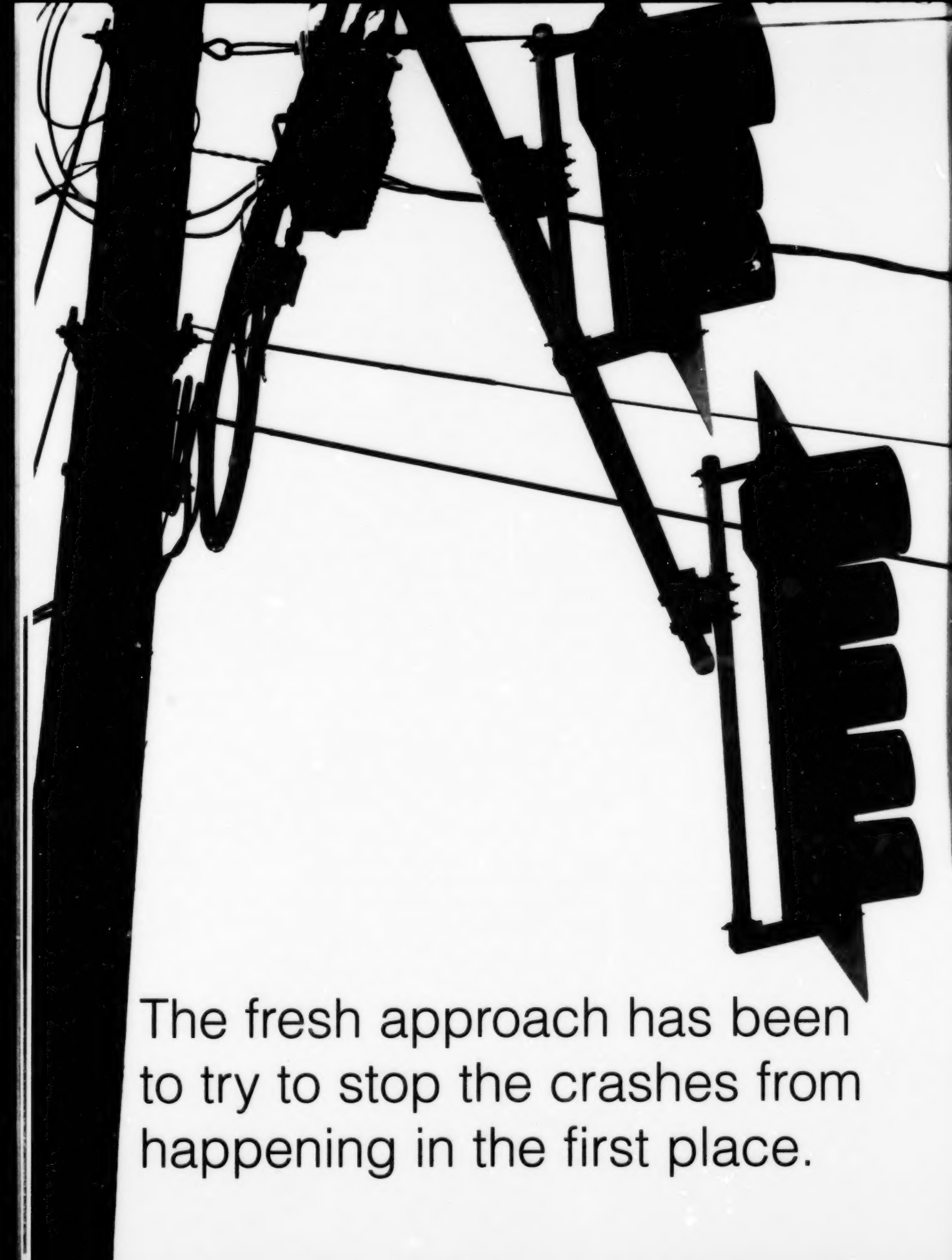
One of our new tactics has been a specialized unit proactively using computers and specialized software to research and detect the worst occurrences of fraud against the Corporation. The Fraud Analysis Unit (FAU) also develops reports and spreadsheets to assist investigators in quickly gathering pertinent information so that they can concentrate on the investigative side of the case.

FAU uses link analysis software to seek out the core group of individuals involved in a bodily injury staged accident ring. Once the core is identified, the analysis program then expands outwards from the centre to identify all other players associated with the ring, such as additional claimants, professional service providers, and others involved. Analyzing all detected staged accident rings allows us to determine which professionals are associated with multiple rings.

Auto crime statistics show decline

Auto crime was another area of success for ICBC in 2000. Compared to 1999, total auto crime claims declined by about one per cent. A number of cities and regions throughout B.C. saw impressive decreases in auto crime claims activity. Victoria's 47 per cent decrease in total theft claims was the most dramatic; Chilliwack was second with 22 per cent.

ICBC also continues to help combat auto crime by supporting community-based prevention initiatives throughout the province. Last year, 50 projects received Community Auto Crime Prevention Grants worth $820,000. Grants were awarded to crime prevention groups, volunteer agencies, youth activity programs, and local business groups that have made a commitment to help combat auto crime. Up to $1 million in auto crime grants will be awarded in 2001.



The fresh approach has been to try to stop the crashes from happening in the first place.

There are good reasons for ICBC to contribute to crime prevention. As a Crown corporation, we are expected to operate on the public's behalf. Being the sole provider of basic auto insurance gives us a provincial scope and enables us to support and deliver broad-based safety programs throughout B.C.

Loss prevention has been a priority for modern insurers for centuries. In the aftermath of the Great Fire of London in 1666, companies emerged which protected citizens from future disasters not only by covering their losses but also by sponsoring fire brigades that protected their homes against future loss.

It makes good sense — from the perspective not only of social responsibility but also enlightened self-interest — to understand that long-term profitability depends on the strength and well-being of the communities and society in which a company is located.

Our priority is to minimize price, not maximize profit

Like all insurance companies, ICBC invests its premium dollars until they are required to pay claims. Unlike private corporations, however, this large investment portfolio is held on behalf of its policyholders. Because of the public ownership of ICBC, this surplus stays in the province and helps keep insurance rates affordable for B.C. families. The income generated contributes to rate stability.

At the end of 2000, ICBC's investment portfolio totalled $5.8 billion, the majority of holdings consisting of bonds and money market securities.

Thanks to prudent investment strategies resulting in significant capital gains, investments generated $171 million more in income than was forecast for 2000, and $177 million more than in the previous year. According to the *P&C Investment Monitor* published by Towers Perrin — a global management consulting firm and independent insurance analyst — ICBC has been the best-performing equity manager among property and casualty insurers in Canada for the last three years.

The combination of safer driving, lower claims costs, and excellent returns on financial investments all contributed to ICBC's surplus in 2000. The surplus is being allocated in three ways:

> Approximately $219 million was distributed back to policyholders in the form of a road safety dividend mailed to policyholders in February and March 2001. This marks the second time in the last three years that ICBC profit has been directly returned to policyholders in this fashion.

> A further $60 million has been set aside to help fund the next generation of road safety initiatives.

> The remaining $78 million went into ICBC's Rate Stabilization Reserve fund, to protect against rate increases in the event of unexpectedly high claims costs in future years.

ICBC is one of a growing number of companies that balances sound financial returns with an investment goal to meet stringent ethical standards. But as a public sector company based in B.C., we also make it our investment strategy to support social development in our province.

Road Sense is good sense for B.C.

ICBC believes that a portion of its reserve funds should directly stimulate local economies by being invested in real estate and other projects that ensure reasonable growth on our funds and bring much-needed jobs and opportunities for the community.

These social investments, however, must meet very stringent criteria aimed to provide reasonable rates of return on our investments. We're in a unique position to bring these two aspects together, and provide financing for initiatives that help socially and economically.

Beyond the direct return to customers based on a healthy bottom line, ICBC also adds value to B.C. businesses and communities. With more than 6,000 employees, ICBC's payroll alone makes a substantial contribution to the economy of the province. The Corporation has about 100 offices and other facilities all over B.C., including claims centres, driver services centres, and weigh scales. ICBC is one of the largest provincially based corporations in terms of total revenues and number of employees.

Having a head office here means that decisions affecting B.C. are made in B.C. This local decision-making has become an even greater strength with our move toward a regionalized model. Executive and management staff with the authority to take action on a local level live and work in their own regions and communities. Working directly in the regions also allows administrators to identify local safety issues, which in turn lets ICBC focus its resources on specific concerns. And ICBC has made it a policy to do its purchasing of goods and services as much as possible in B.C. communities.

In 2000, we paid out over $2 billion in claims and related costs, and much of that money went into businesses such as auto repair and glass shops, towing companies, doctors, lawyers and physiotherapists. That amounts to almost $6 million a day. We also provide the bulk of business done by many of the 900 independent insurance brokerages who sell our Autoplan insurance products — and who in turn employ more than 5,000 sales and service staff.

ICBC supports and makes payments to one of the leading providers of small business employment in the province, the auto repair industry. For years, claimants had asked that ICBC refer them to autobody repair shops that offer guaranteed work. ICBC responded, and in consultation with industry representatives introduced the c.a.r. shop accreditation program four years ago. Today, there are more than 400 accredited c.a.r. shops around the province, all meeting or exceeding the highest standards for customer service, repair equipment, staff training, and business practices.

Healing the body

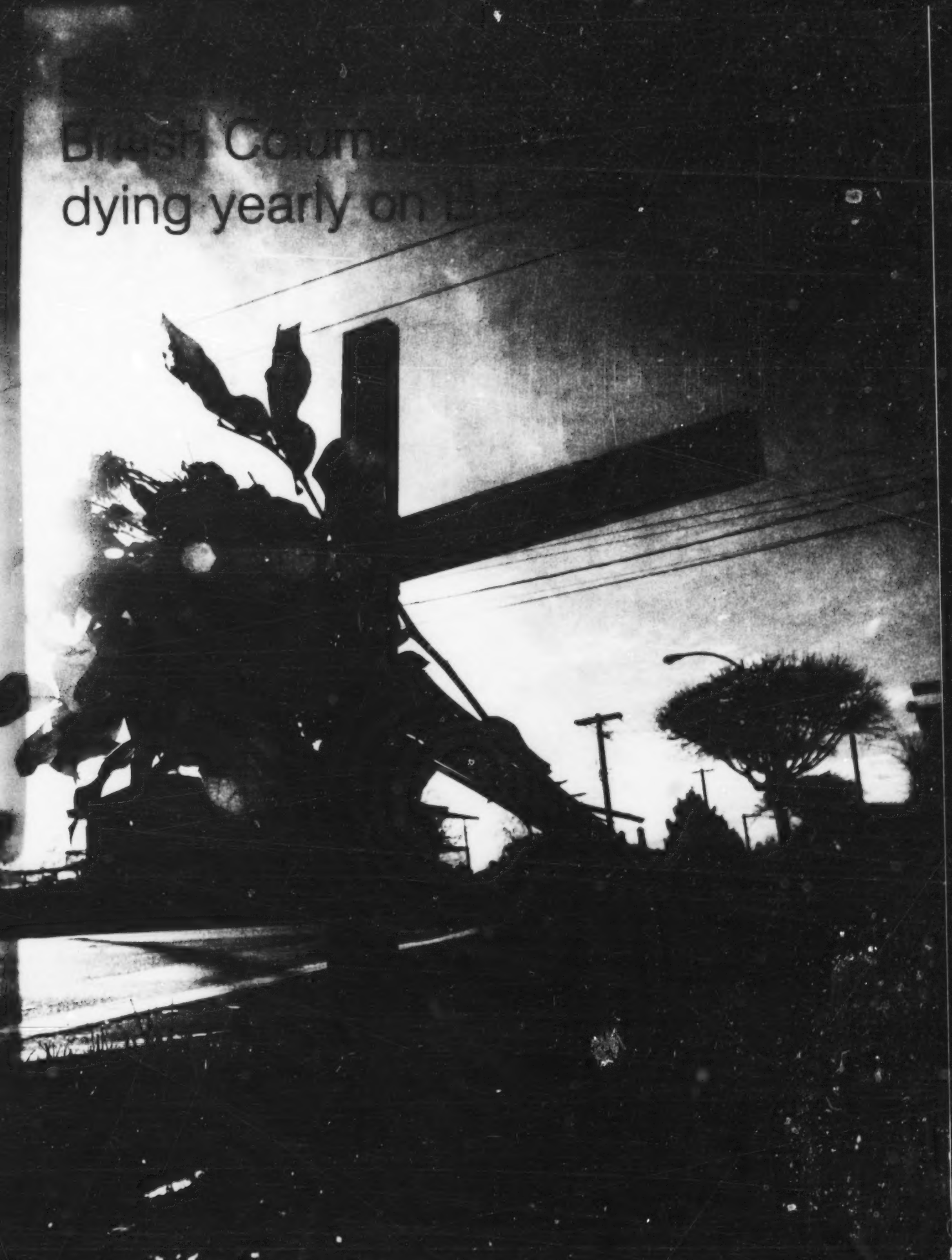
Health care shows up again and again as one of the most important issues facing Canadians today. Yet the high social cost of car crashes doesn't always get the attention it should. The very phrase "car crash" puts the focus on the vehicles damaged and not the health care implications of those injured or maimed.

While it's expensive to repair metal and glass, it doesn't compare to what it costs to try to bring damaged bodies back to pre-crash condition. That's why ICBC is working with health care specialists, disabled persons' advocacy groups and other partners in the rehabilitation field, with the goal of helping people who have suffered disabling injuries to rebuild productive lives.

Why should ICBC be active in the world of rehabilitation? More than half a billion dollars every year goes toward whiplash and soft-tissue injury claims. This accounts for 70 per cent of the injury-related claims in B.C. and 50 per cent of the injury payouts. ICBC's research also reveals that 50 per cent of whiplash costs result from lost workdays and diminished capacity to earn a living, not from medical treatment. The end results are staggering social costs for all of us.

The traditional role of an insurance company as an "after the fact" funder to fix injured bodies simply wasn't working. Somebody has to look after the customers to ensure they get better. When they don't get better, costs increase for everyone — for claimants, employers and taxpayers.

Public auto insurance not only makes good sense in terms of reducing risk on B.C.'s roads, it also makes good sense for the businesses of this province, those who deal with ICBC directly and those who benefit from the money that is put into the economy.


dying yearly on

A commitment to fairness

Fairness is one of the main assets of public auto insurance and is a founding principle of ICBC. To enhance the Corporation's existing complaint handling and dispute resolution procedures, the Corporation created the new position of Fairness Commissioner in late 2000. For customers who are unable to resolve disputes with the Corporation's managers or its complaint department, they can now have their cases reviewed by a Fairness Commissioner who will provide an independent and arm's length evaluation of their case.

The Honourable Bryan Williams, Q.C., was appointed as the first-ever Fairness Commissioner in late February 2001. He will report directly to ICBC's Board of Directors.

Beyond the numbers

Five years is a long time. But with the numbers involved in the property and casualty insurance industry — billions of dollars in premiums, millions of claims, hundreds of thousands of crashes and injuries — 60 months can seem minute.

Ten years ago, ICBC began its focus on bringing down the numbers and cost of claims. With the Six-Point Plan legislation in 1997, these initiatives were enhanced. But the job is not complete and the momentum must be maintained to effect positive change in the province.

We know from the experience of ICBC's 27 years in business that claims can easily rise again. That puts even more emphasis on the need to find additional ways to reduce the risk on our roads, improve efficiencies and cut costs, and generate sufficient revenue to keep insurance rates affordable.

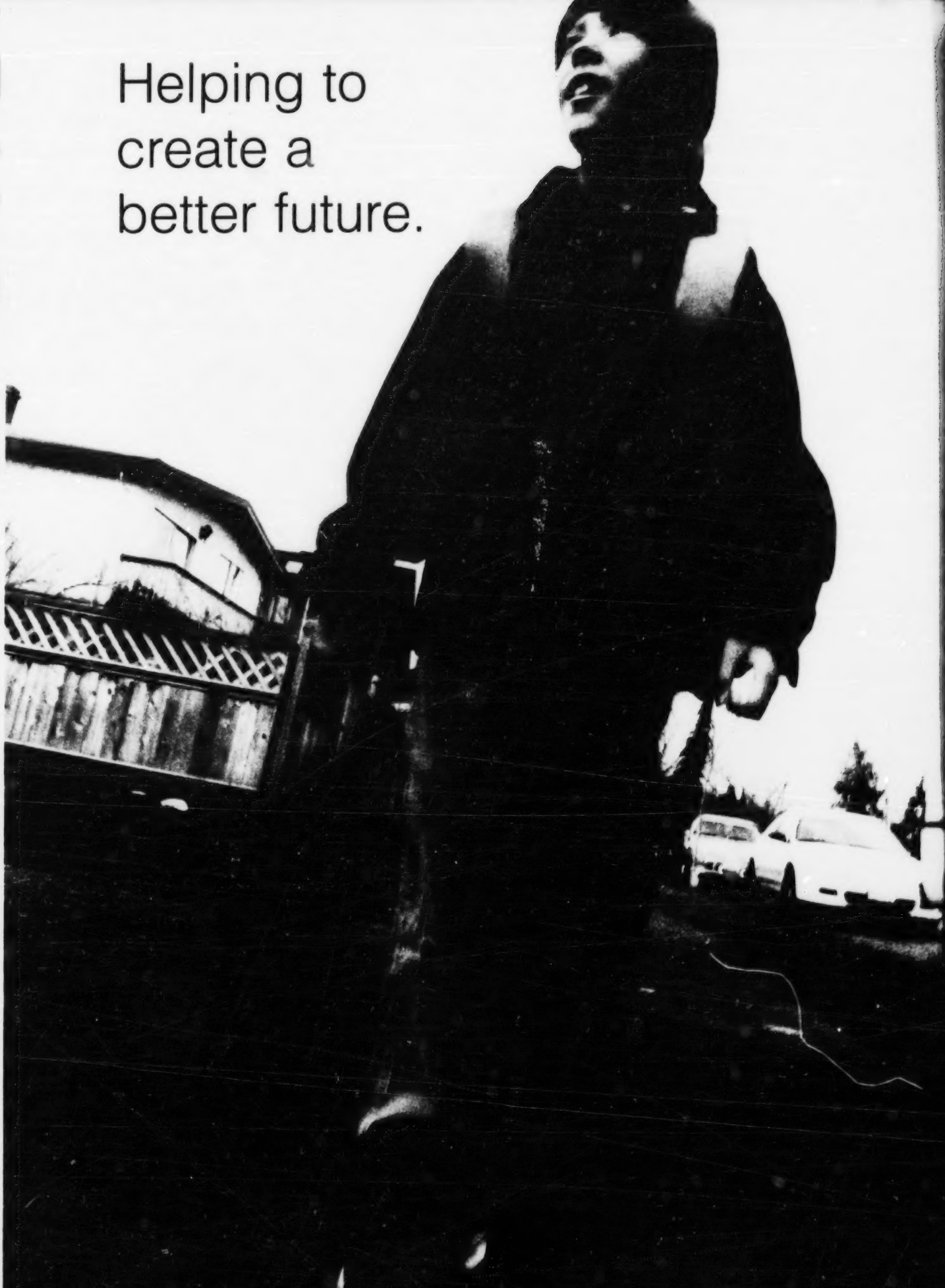
ICBC has adopted a new way of doing business. The traditional approach had been to wait for crashes to happen and then to help people repair their vehicles and heal their injuries. The fresh approach has been to try to stop the crashes from happening in the first place. Money spent preventing crashes is better placed than the many more dollars it takes to try and fix the damage afterwards.

Despite a highly successful year, the effort must continue. In partnership with the drivers of B.C., we want to continue to lower insurance premiums, reduce claims, and stop the collisions.

Factors

> that contributed to
safer roads in 2000

Helping to
create a
better future.



The Insurance Corporation of B.C. was established as a public auto insurance company in 1973 - with a mandate to provide universal insurance coverage with fair pricing and accident benefits that drivers could count on.

Over the years, ICBC has grown and changed. The merger with the former Motor Vehicle Branch, a move toward decentralizing our decision-making into all regions of the province, and an expanded mandate to reduce crashes and claims costs and to keep rates affordable have all made ICBC a completely different organization.

Today, ICBC is a major contributor to the well-being of the province. The benefits of public auto insurance accrue to British Columbians over the course of their lives, from birth to old age.

Here's a look back at some of the loss prevention initiatives that helped make our roads safer in 2000.

RoadSense Team targets youth safety in 2000.

The RoadSense Team is a strategic partnership between the local Autoplan brokers of British Columbia and ICBC. Members of the Insurance Brokers Association of B.C. (IBABC), the Credit Union Insurance Services Association (CUISA), and non-member brokers have partnered with ICBC to educate youth through a series of community-oriented road safety programs. Our number-one goal is to help put an end to car crashes – the primary cause of death and injury for young people in our province.

Way to Go! More and more schools are now participating in the *Way to Go!* program, which offers fun, alternative transportation ideas for children travelling to school. More than 120,000 students were involved in *Way to Go!* activities and events last year. And 60,000 to 70,000 students attend schools that are involved in *Way to Go!* as an ongoing process.

Youth grants program. Regional RoadSense Teams invested a total of $111,075 in community-specific road safety projects in 2000, through a series of grants provided to local youth groups across B.C. For example, the Okanagan RoadSense Team provided a youth grant to a local high school for a dry grad challenge.

Community grants program. An additional $370,401 of grant money was given to non-profit community groups, organizations and teams for the development and implementation of other community-specific road safety initiatives.

CARS. The RoadSense Team and ICBC are the premier corporate sponsors for CARS BC – new youth CounterAttack and road safety groups that used to be labelled as CounterAttack committees. The first annual CARS BC conference took place at the Silver Star ski area in Vernon in November 2000, and attracted more than 300 students and adults from across B.C. to look at strategies to reduce crashes involving youth.

RoadSense Team video production contest. More than 200 students entered the RSVP contest in its second year, vying for the chance to attend a week-long session at the Gulf Islands Film and Television School. Fifty-eight lucky Grade 10 and 11 students from all over B.C. were selected to help spread the road safety message to their peers by producing their own broadcast-quality public service announcements.

Schools now learning the four Rs – Reading, writing, arithmetic AND road safety

In 2000, the Ministry of Education – following a recommendation by the provincial Children's Commission – agreed to include road safety as a mandatory learning outcome in B.C. high schools, in the Career and Personal Planning Program (CAPP). ICBC has committed to making available – free of charge to B.C. schools – a grade-specific resource package for grades eight to 12. This single action is a giant step toward reducing car crashes as the number-one killer of youth. It will provide all secondary school youth in the province with basic knowledge of the risks associated with being a passenger or a driver, and ways to manage those risks.

Safer child seats now regulated

Improvements in child seats, which will include special latches to attach them directly to the vehicle structure, will be required by law by 2003. ICBC contributed to the development of these new seats by participating in the International Standards Organization (ISO) committee that developed them, and conducting user trials in B.C. of prototypes of the various proposals. The law requiring auto manufacturers and

child seat manufacturers to phase in this technology was adopted in 2000 and was the result of more than 10 years of work by the ISO Committee.

New drivers learn better ways

The Graduated Licensing Program was introduced in 1998 to reduce the high number of crashes involving new drivers. The program allows new drivers to gain experience gradually by setting conditions that expose them to less risk. In 2000, significant advancements were made in the program:

January: The Level Two road test was introduced. Novice drivers must pass this 50-minute road test to graduate from GLP.

September: *Road Sense for Drivers* and *Road Sense for Riders* were published. These guides replaced the 20-year-old *Safe Driving Guide* and *Safe Riding Guide* in explaining the rules of the road, and also introduced discussions of good observation skills and safe attitudes.

October: New knowledge tests for passenger vehicle drivers and motorcycle riders were introduced.

November: The new Level One road test (Class 7 for passenger vehicle licences and Class 8 for motorcycle riders) was introduced. The 45-minute appointment includes the more comprehensive 30-minute road test (twice as long as the previous test) as well as a feedback session with the driver examiner at the end of the test.

Certified passenger safety technicians ready and able to assist

In October 2000, ICBC's Vehicle Safety Strategies initiated a standardized child passenger safety training program. A recent observational study conducted in B.C. indicated that child restraints are often used incorrectly.

ICBC loss prevention employees and representatives of ICBC's six regions successfully completed a four-day course to obtain certification to the U.S. National Highway Traffic Safety Administration (NHTSA) standard. Until Canada implements a similar program, the NHTSA Standardized Child Passenger Safety Training Program for technicians and instructors will be used. The content of the course reflected Canadian Motor Vehicle Safety Standards, Provincial Regulations and Canadian resource material.

Impaired driving message hammered home in 2000

In 2000, more than 5.6 million motorists went through Drinking-Driving CounterAttack roadchecks, compared to two million in 1996. Through an increased number of driver roadchecks, public advertising and related educational programs, B.C. motorists are getting the message that impaired driving is wrong. In 1996, four motorists in 1,000 were charged with impaired driving or received a 24-hour roadside suspension when stopped at a roadcheck, while in 2000, the number fell to about two motorists in 1,000.

On the road to lower crash rates

The goal of ICBC's Road Improvement Strategy is to reduce the frequency and severity of traffic collisions. In 2000, our two main programs were:

Retrofit - identifies, studies, and improves crash-prone locations (or blackspots) in partnership with the local road authority, whether it is a municipal road authority or the Ministry of Transportation and Highways. In 2000, we partnered with the local road authority in 137 projects around the province.

Proactive - Safety Conscious Planning has the goal of ensuring that safety is an explicit priority in land use and transportation planning. We are currently working with communities to build "safety" into all planning projects. As part of this initiative, we are developing a Safer School Travel Program – in partnership with parents advisory committees, school districts and municipalities – to develop a school road safety plan, which introduces safety in and around the school location, and includes a safe route to school plan for each child.

A few examples of positive 2000 results include:

ICBC contributed to several improvement projects in the City of Richmond that have reduced the number of crashes in that community from 4,000 in 1992 to 2,000 in 1999.

At the intersection of Kingsway and Knight, safety improvements (larger signal heads and left turn bays) have reduced the claims costs from $550,000 per year to $245,000 per year.

In Port Alberni at Napier and 3rd Street, a new pedestrian signal has reduced the number of pedestrian-related collisions from 15 per year to three per year.

International commercial vehicle safety blitz

Commercial vehicles operating in B.C. underwent random roadside inspections in June 2000 as part of an international safety blitz. For the 13th year in a row, British Columbia joined the rest of Canada, the U.S. and Mexico in a continuous 72-hour International

RoadCheck. Police and ICBC inspectors targeted: brakes, steering, wheels, tires, frames, load security, driver licences, and logbooks. Commercial vehicles with serious safety defects were ordered off the road until necessary repairs were made. The annual International RoadCheck event began in 1988 and is coordinated by the Commercial Vehicle Safety Alliance, a North America-wide trucking industry safety organization. ICBC assumed responsibility for commercial vehicle safety in B.C. when it merged with the Motor Vehicle Branch in 1997.

ICBC research results used by auto manufacturers to design safer cars.

ICBC researchers have developed the only tool currently available that helps design and rate vehicle head restraints, based on how well they fit an average-sized person. Auto manufacturers and seat suppliers around the world have purchased 35 of these devices from ICBC. The U.S. Government has now proposed to change federal design safety standards for head restraints, and to require use of the ICBC device in order to show compliance with these new regulations.

Road safety messages delivered to B.C.'s multicultural communities

In today's increasingly multicultural society, there is an onus on organizations such as ICBC to be a leader in meeting the needs of a diverse population. ICBC partnered with a number of Chinese and South Asian community organizations and corporate partners in 2000 to deliver road safety messages to B.C.'s diverse population base:

Chinese community
ICBC partnered with S.U.C.C.E.S.S. and General Motors on the *Community Road Sense Fair 2000* held in Richmond and Coquitlam in August. More than 6,000 people attended the event over two weekends. The fair's objective was to promote road safety messages to the Chinese community. Highlights included a road rodeo, where drivers were invited to test their driving skills, and interactive displays related to road safety. In addition a number of information booths promoted ICBC's other products and services.

ICBC also participated in a number of events organized by community stakeholder groups throughout the year, including Walk with the Dragon and the Chinese New Year's Festival.

South Asian community
ICBC partnered with the Corporation of Delta and City of Surrey on a public art competition to promote road safety among the 45,000 South Asians who live in Surrey and Delta. The competition was launched during Diwali, an important South Asian festival that is celebrated in late October/early November. Artists from across the Fraser Valley were invited to participate in the competition. A series of 36 banners displaying the artwork of the winning entry will be created and installed on light posts along Scott Road, adjacent to the Punjabi market in Surrey. This initiative was designed to reach out to the community regarding road safety issues that can save lives and reduce injuries.

Auto crime feels the crunch in 2000

Theft of auto, theft from auto and vandalism claims were all down in 2000. Theft of auto fell 2.8 per cent, theft from auto fell 0.1 per cent and vandalism fell 1.1 per cent. These numbers remain well below claims levels in 1996 when auto theft was out of control in British Columbia.

This past year, ICBC's Auto Crime Strategies Department also continued to support police initiatives to reduce auto crime, by providing funding to both the Auto Theft Task Force and Vancouver Police Department. This funding allowed the police to focus additional resources on the auto theft problem and resulted in a continuing decrease in the number of vehicle thefts, break-ins and vandalism.

Talk troubles found in ICBC cell phone study

ICBC research in 2000 showed that a driver's performance is significantly undermined when the motorist is engaged in a conversation on a hands-free cellular phone. The more complex the driving task, the more the conversation on a cell phone interferes with driving performance, the driver distraction study revealed.

The study looked at how listening or responding to messages while driving could affect driving performance. The impact of the messages increased with greater driving task complexity. When completing the traffic signal task, drivers were more cautious and tended to stop as opposed to trying to go through the amber light in order to divert their attention to the messages. But, with the weaving and left-turn tasks, performance was significantly compromised with the presence of the messages. The most demanding task was that requiring left-turn decisions.

ICBC continues to stress that staying focussed on the road should be the driver's priority. Any type of distraction - such as talking on a cell phone, drinking coffee, adjusting radio dials or turning to talk to people in the back seat - could increase a motorist's risk of being involved in a crash.

1

Seniors are often the target for auto theft and vandalism. Good news this year. B.C.'s total number of theft of auto, theft from auto and vandalism claims were all down in 2000.

2

Serious commercial vehicle crashes are a major concern. ICBC continues to work with the commercial vehicle industry to introduce innovative and sustainable solutions that improve road safety for all road users in B.C.

3

Learning about road safety needs to start early, so young teenagers have the skills and knowledge to be better drivers when they become drivers. Road safety will now be a mandatory learning outcome in all B.C. schools for grades eight to 12.

4

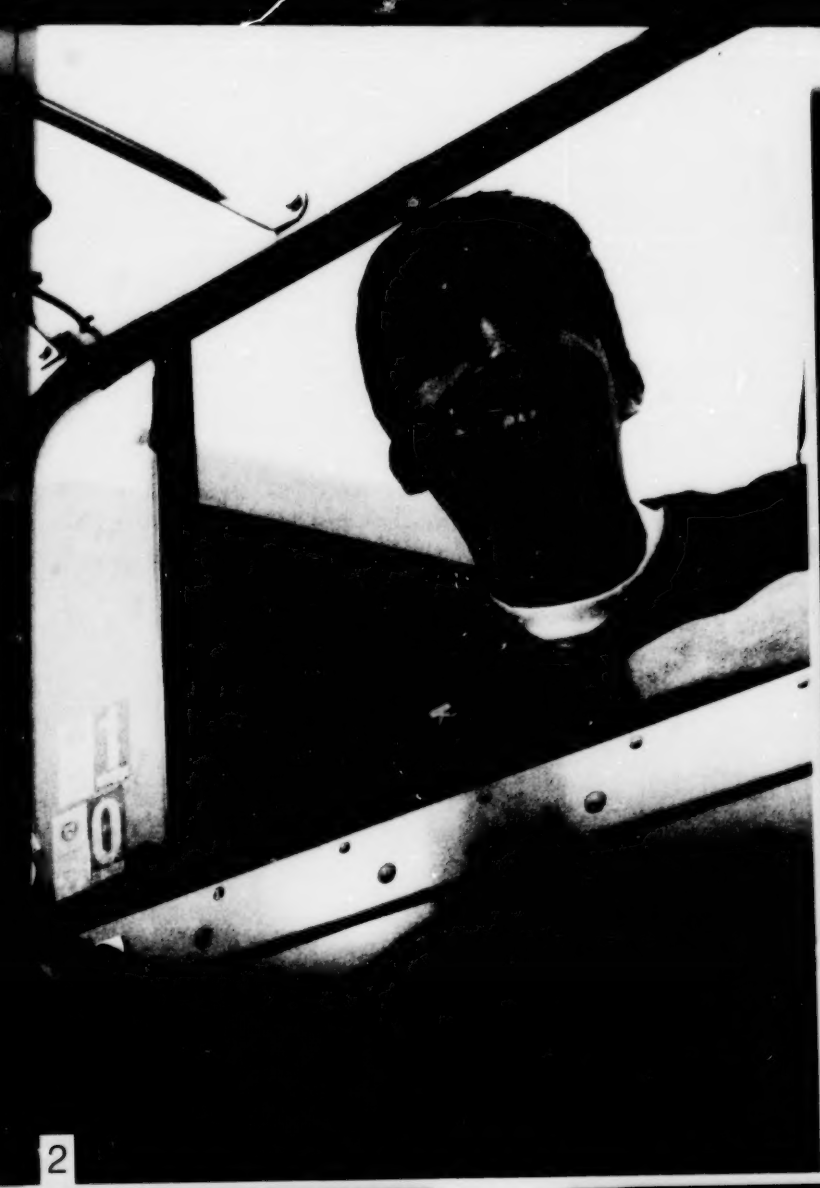
In today's increasingly multicultural environment, there is an onus on organizations such as ICBC to be a leader in meeting the needs of a diverse population. ICBC partnered with a number of Chinese and South Asian community organizations and corporate sponsors in 2000 to deliver road safety messages to B.C.'s diverse population.

5

Parents want to know their children are safe. Often overlooked is how commonly child restraints are used incorrectly. ICBC loss prevention employees are being trained in standardized child passenger safety to ensure parents learn proper installation techniques.

6

You're 16, and getting a licence is the most important thing in your life. But new drivers now need to study harder to get their ticket to ride. Enhancements to the Graduated Licensing Program in 2000 are aimed at reducing the high number of crashes involving new drivers.



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Role of ICBC's Board of Directors

Since its inception, the Insurance Corporation of B.C. has been responsible for providing Autoplan insurance to all B.C. motorists. Our role has expanded since that time to encompass a wide range of road safety activities and public education. Guiding us in our role is a 12-member Board of Directors, appointed by the Lieutenant Governor in Council. The Board's 12 members include the government minister responsible for ICBC, the Corporation's president and CEO and 10 members-at-large from across the province. Each Board member is appointed to a three-year term.

The individual members of ICBC's Board of Directors bring to their position a singular wealth of knowledge and experience as well as a steadfast dedication to public auto insurance. ICBC Board members represent the people of this province; their role is to ensure that ICBC provides a continuing and lasting benefit to all British Columbians.

ICBC's Board of Directors sets the policies, direction and goals of the Corporation. While the Board leaves the day-to-day management of ICBC's affairs to the Corporation's officers, Board members meet approximately 10 times a year to discuss, monitor and guide the Corporation's progress towards those goals.

Ultimately, the Board is responsible for the financial health and operating results of ICBC. The Board is instrumental in determining and recommending Autoplan insurance premiums and approving all budgets and financial objectives of ICBC. Members of the Board of Directors may have interests or expertise in specific areas of the Corporation. By serving on one or more of the Corporation's seven standing committees, Board members can concentrate relevant issues related to these key areas of ICBC's operations. These committees are: Audit Committee, Compensation Committee, Investment Committee, Pension Committee, Planning and Finance Committee, Product Committee, and Road Safety Committee.

2000 > Strategic Performance

Our Vision
To ensure B.C. has the safest road transportation with the best insurance protection in North America.

Our Mission
Helping British Columbians take the risk out of road transportation.

Our Values
Integrity, commitment and dedication to customers. These values are reflected in our actions, strategies and corporate policies.

ICBC has implemented a performance measurement and management system to assess the Corporation's progress toward reaching its strategic objectives and success in implementing its strategy. This system includes a set of performance measures and targets which translates and clarifies the Corporation's vision, mission, values and strategic objectives into actionable specific business results.

In 2000, ICBC implemented key elements of its strategy by being customer driven and financially sound as well as being a community-based organization of highly capable and engaged employees. By managing claims costs, premium revenues and operating and administrative costs, ICBC had strong successes in 2000. The following tables show the strategic objectives, corporate measures and targets which have been developed to achieve our goals.

CUSTOMER > ICBC WILL BE CUSTOMER DRIVEN

Strategic Objective	Corporate Measure	1999 Actual	2000 Target	2000 Actual and Explanation
Minimize premiums	**Percentage premium price change** Percentage premium price change on stated rates.	0%	0%	0% Rates were frozen again in 2000 and some drivers received additional discounts: > RoadStar and RoadStar Gold customers on optional coverages > Most drivers with 10 years or more driving experience > Most seniors in the province.
Satisfy customers	**Customer value index (CVI)** This measure evaluates the overall expected value that customers place on the Corporation's lines of business.	58.6%	63%	58.8% While we have worked to maintain affordable premiums and improve our claims service, we haven't changed customers' perception. The customer satisfaction surveys for claims have a naturally occurring time lag. The results from 2000 service improvements won't be reflected in the CVI until the claims are closed, customers are contacted and results are reported. The 2000 target was optimistic. We expect the CVI will improve in 2001 with the appointment of the Fairness Commissioner, premium rebates and further improvements to customer service.
	Percentage satisfied This measure evaluates customer satisfaction with one of the following transactions: insurance claim, Autoplan purchase, road test, knowledge test, or driver's licence renewal.	74%	80%	76.4% This 2000 target was also optimistic. While we did not reach the target, the percentage of satisfied customers did increase 2.4% due to better claims handling. With claims-handling enhancements, the customer satisfaction score should continue to improve in 2001.
Reduce crashes and crime	**Total crash and crime incidents per 100,000 population** This is defined as the number of crash and crime incidents that occurred during the calendar year within the province and have been reported to ICBC per 100,000 B.C. population.	8,531*	8,500	8,388* The positive variance is affected by the success of ICBC's various programs (road safety, claims and fraud) as well as external factors such as good weather and the economy.

* Customers have up to two years to report claims. These statistics will increase over time.

Strategic Objective	Corporate Measure	1999 Actual	Industry Benchmark 1999 Cdn	Industry Benchmark 1999 U.S.	2000 Target	2000 Actual and Explanation
Manage claims costs and premium revenues	**Loss ratio** Percentage of the premium dollar that pays claims, including the cost of the claims, adjusting and estimating.	88.9%	71.6%[1]	n/a	92.3%	84.5% The improvement from 2000 target is due to positive prior years' claims development resulting from the Corporation's road safety programs and loss prevention initiatives. The Corporation's loss ratios are higher than the industry benchmark because ICBC operates on a break-even mandate to provide insurance to all drivers on a non-discriminatory basis. On average, over the last five years, 93 per cent of premiums earned have gone to pay for claims and related costs.
Manage operating and administrative costs	**Claims cost control expense per reported claim** Average cost of handling claims per reported claim.	$367	$508[2]	$563[2]	$369	$367 The improvement from 2000 target is due to lower reported claims and lower claims costs than planned. The Corporation's actual cost per claim is significantly below the industry benchmark due to operating efficiencies and economies of scale.
	Total expense per gross premiums written A measure of the overall cost efficiency of operating our insurance business by determining how much of the insurance premium goes into operations and administration of the insurance business.	37.4%	42.3%[3]	33.7%[3]	37.6%	37.6% No variance
	Administration expense to gross revenue This measure describes the costs for general administrative support not specific to any line of business as a ratio to gross premiums written.	5.4%	n/a	n/a	6.4%	5.9% Administrative expenses are below 2000 target due to a lower number of employees and tighter controls over operating expenses.
Ensure financial stability	**Rate stabilization to liabilities ratio** This measure is a ratio of the Rate Stabilization Reserve to the Corporation's liabilities. ICBC's Rate Stabilization Reserve is intended to protect motorists from significant rate increases made necessary by abnormally high losses arising from unusual events or factors.	6.8%	39%[4]	n/a	7%	8.1% Improvement over target due to higher than expected investment income and positive prior years' claims development. Private companies are required to maintain larger reserves (15% to 25%) whereas ICBC, being a Crown corporation, has the guarantee of the Province and requires much lower reserves.
Optimize yield on financial investments	**Return on investment** Investment income as a ratio over the average book value of investments.	8%	6.9%[5]	n/a	8.2%	10.8% Improvement over target is due to larger than expected capital gains realized from the equity portfolio.

1,4 From *Best's Key Rating & Statistical Guide, Property & Casualty*, A.M. Best Canada, Ltd. 2000 edition. (1999 operating results)
2, 3, 5 From John L. Ward Financial Group Inc. *2000 Benchmarking Study*. (1999 operating results)
Certain comparative figures have been restated to conform to the current year's presentation.
In 2000, ICBC further developed its performance measures. The above measures are the non-competitive measures adopted by the Corporation as its corporate performance measurement and management system.

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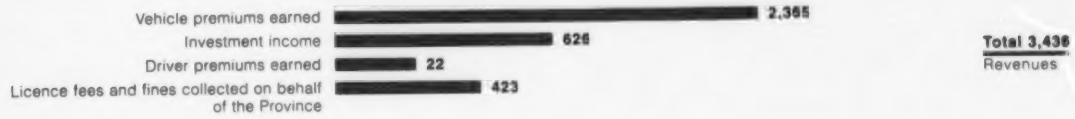
Financial Highlights

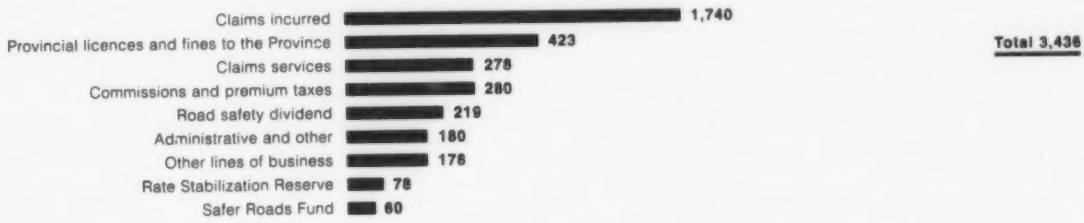
Operations

($ Millions)



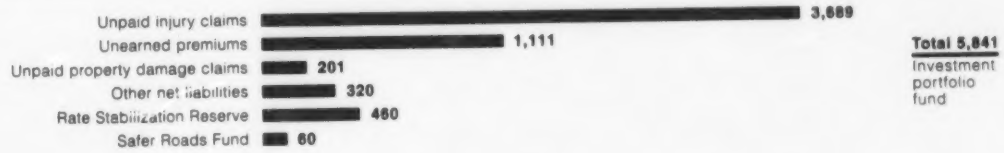
Where the money went

($ Millions)

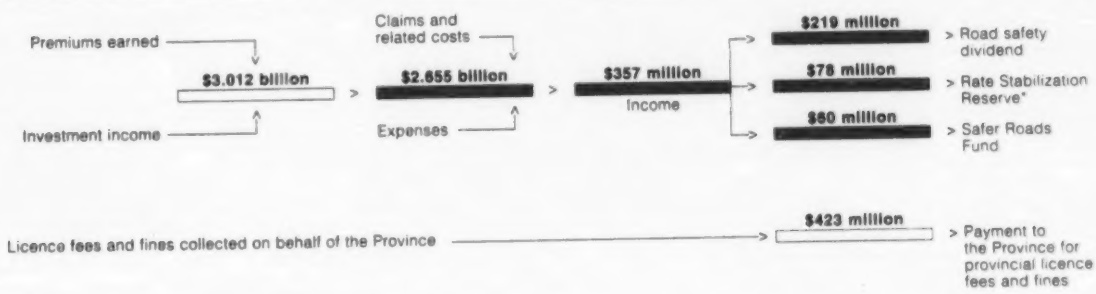


Investment portfolio

($ Millions)



Where the 2000 dollars came from and where they went

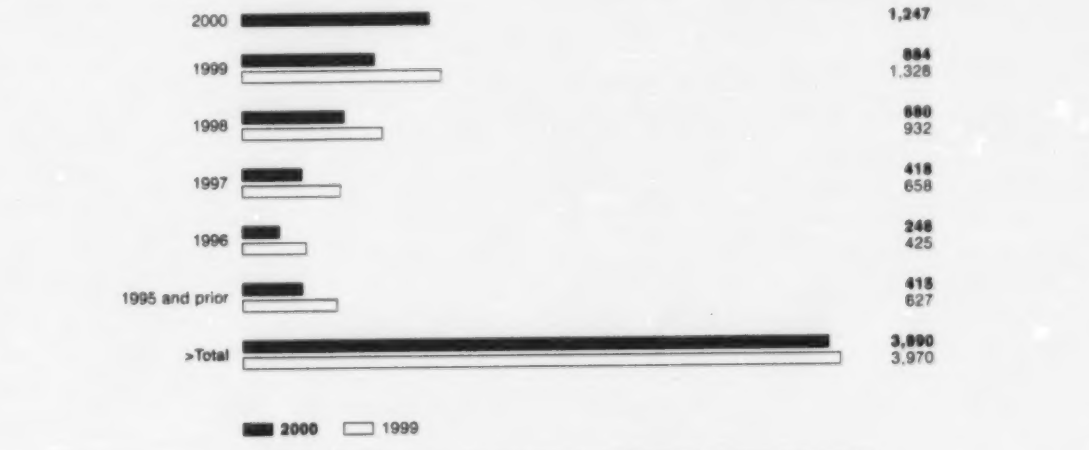


*Our goal is to maintain the Rate Stabilization Reserve between six to 10 per cent of our total liabilities.

Autoplan claims incurred*

*Including development of prior years claims

Funds reserved for unpaid claims by year



The provision for unpaid claims is carried on a non-discounted basis and includes an estimate for reported and unpaid claims and expenses based on the claim settlement experience of the Corporation, current trends and a detailed regular review and update. Also included is an estimate for claims incurred but not reported in the year.

Financial Highlights

For 2000, the Corporation realized a net income of $357 million before the road safety dividend of $218.5 million, despite our five-year rate freeze. This is a result of positive prior years' claims development, lower claims costs and higher investment income as a result of realized capital gains from the equity portfolio.

Because of the good financial results, the Corporation decided to pay its policyholders a share of its 2000 income as a road safety dividend. This dividend will be paid in the form of cash to policyholders with good driving records, and fleets, totalling $218.5 million. Some 92 per cent of insured drivers, more than two million people, qualified for the dividend.

Total revenues were up for the year. ICBC took in a total of $3.44 billion in revenues, consisting of $2.39 billion in driver and vehicle premiums, $626 million in investment income and $423 million in licence fees and fines collected on behalf of the Province.

Overall, premiums written have increased through an increase in the number of vehicle insurance policies. This was achieved despite a decline in the average premium written due to ongoing discounts provided to better drivers through the RoadStar and RoadStar Gold programs. RoadStar and RoadStar Gold drivers received increased discounts on September 1, 2000 on their optional coverages.

The decline in claims costs resulted from a combination of factors. The number of claims reported in 2000 decreased slightly from 1999; however, the number of injury claims decreased by five per cent. These decreases were due in part to traffic safety and loss mitigation initiatives undertaken by the Corporation. As well, the expected costs of settling prior years' claims continued to decline, resulting in reductions of claims costs in the current year's consolidated statements of operations.

Claims and related costs take up the majority of premium revenues. On average, over the last five years, 93 per cent of premiums earned went to pay for claims and related costs.

ICBC maintains reserves to ensure that there are sufficient funds available to pay claims, and to protect the financial and operational viability of the Corporation. The two main funds are the unpaid claims fund, which exists to cover outstanding claims, and the Rate Stabilization Reserve, which serves as a buffer against unexpected future losses and large premium adjustments.

At the end of 2000, unpaid claims stood at $3.9 billion. Approximately 95 per cent of that amount is set aside for injury claims which generally take one to five years to be settled. The remaining five per cent is earmarked for property damage claims, which are usually settled within a year.

ICBC's investment portfolio exists to ensure that funds will be available to cover unpaid claims, unearned premiums, general liabilities, and to maintain the Rate Stabilization Reserve and the Safer Roads Fund. At year-end the portfolio totalled $5.8 billion and consisted of bonds, money market securities, equities and real estate.

The Corporation's goal is to maintain the Rate Stabilization Reserve between six and 10 per cent of total liabilities. Our net income for 2000 allowed us to add to the Rate Stabilization Reserve and as a result it was 8.1 per cent of total liabilities at year-end.

Our investment return of 10.8 per cent for the year was excellent; investment income was $176.5 million greater than the previous year's – saving each policyholder an average of $239. This return was mainly the result of larger than expected realized capital gains on our equity portfolio.

The Corporation invests in real estate to meet the objectives of diversifying its portfolio and investing in the province. Diversification reduces investment risk and investing in the province is part of our commitment to contribute to the social and economic development of communities throughout the province. Our real estate investments are made through our wholly-owned subsidiary, ICBC Properties Ltd. (IPL), which was set up to develop and manage our real estate assets. IPL has its own board of directors and executive management team.

The Central City development project in Surrey is IPL's major real estate asset. Located next to the Surrey Central SkyTrain Station, the first phase of the project will incorporate the new Technical University of BC, ICBC offices, as well as other office and commercial space. Construction began on phase one in the Spring of 2000 with the initial civic works and the new galleria, podium and 25-storey office tower. The project is on schedule and on budget.

As well as Central City, IPL has purchased several other existing commercial buildings in the province. These properties are fully leased and are generating income.

The Corporation is committed to maintaining affordable insurance premiums; thus, we need to control our costs and look for every opportunity to improve the efficiency of our operations. In 2000, we opened a new central estimating facility to take advantage of newer technology, developed expertise and economies of scale. Claims service and administrative expenses have increased slightly from 1999 as a result of our efforts to keep the claims incurred costs under control.

We must also maintain our road safety programs which include loss prevention initiatives and road improvement projects. During the year, the Board of Directors approved the transfer of $60 million from the Rate Stabilization Reserve to create the Safer Roads Fund. The fund will be used to finance road safety capital projects and community road safety initiatives.

Overall, we are extremely pleased with our results for 2000. Excellent investment returns and improved management of claims costs produced record profits for the year. In order for ICBC to provide affordable auto insurance to all British Columbians, we will continue to finance road safety capital projects and community road safety initiatives and make improvements in our claims handling and administrative practices to take advantage of any operating efficiencies and to control claims costs.

Investment income

	2000	1999
Money market	37	34
Bonds	278	254
Common shares	21	8
Real estate and other	7	(3)
	343	293
Gain on sale of investments		
Common shares – realized	192	40
Bonds – amortized	91	116
Total investment income	626	449

Investments

	2000				1999			
	Cost $ Millions	Fair Value $ Millions	Average Yield Per Cent	Duration (Years)*	Cost $ Millions	Fair Value $ Millions	Average Yield Per Cent	Duration (Years)*
Debt securities								
Money market	270	270	5.9	0.2	1,028	1,028	5.2	0.1
Bonds								
Federal	1,616	1,652	5.9	6.4	1,169	1,128	5.8	7.1
Provincial	942	969	6.3	7.2	1,107	1,073	6.2	7.0
Municipal	455	465	6.3	5.6	438	433	6.8	6.7
Corporate	1,453	1,464	6.4	3.9	1,135	1,108	6.2	3.9
Mortgage backed	142	142	5.4	1.7	202	198	5.9	2.3
Direct mortgages	179	183	6.7	2.5	–	–	–	–
	5,057	5,145	6.2	5.2	5,079	4,968	5.7	4.7
Common shares	589	830	1.6	–	482	777	1.7	–
Real estate	195	188	5.7	–	45	45	1.2	–
	5,841	6,163	–	–	5,606	5,790	–	–

* Duration is the time-weighted average of the present value of all interest and principal payments expressed in years. Duration is used as a measure of risk or sensitivity to interest rate movements.

Auditor's Report

The Honourable Joy MacPhail
Minister of Education
Province of British Columbia

We have audited the consolidated statements of financial position of the Insurance Corporation of British Columbia as at December 31, 2000 and 1999 and the consolidated statements of operations and retained earnings and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
February 1, 2001

Consolidated Statements of Operations

For the years ended December 31, 2000 and 1999

($ Thousands)	2000	1999
Revenue		
Vehicle premiums written	$ 2,375,198	$ 2,358,769
Driver premiums written	22,913	21,559
	$ 2,398,111	$ 2,380,328
Premiums written		
Vehicle premiums earned	$ 2,364,670	$ 2,360,404
Driver premiums earned	22,361	22,007
Premiums earned	2,387,031	2,382,411
Licences and fines collected on behalf of the Province (note 9)	422,628	423,348
Gross revenue	2,809,659	2,805,759
Payment of provincial licences and fines to the Province (note 9)	(422,628)	(423,348)
Net revenue	2,387,031	2,382,411
Claims and related costs		
Claims incurred	2,006,151	2,080,270
Prior years' claims development	(266,336)	(238,200)
	1,739,815	1,842,070
Claims services (note 7)	277,888	275,193
	2,017,703	2,117,263
Expenses (note 7)		
Administrative and other	179,634	178,868
Autoplan services	42,424	39,468
Commercial vehicle services	29,993	27,094
Commissions	181,148	172,966
Driver services	46,129	41,634
Premium taxes	99,244	99,526
Road safety services	59,176	59,057
	637,748	618,613
Total claims and expenses	2,655,451	2,735,876
Underwriting loss	(268,420)	(353,465)
Investment income	625,660	449,188
Income before road safety dividend	357,240	95,723
Road safety dividend (note 3)	218,500	-
Net income for the year	$ 138,740	$ 95,723

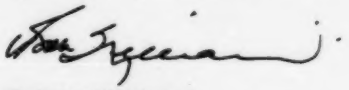
Consolidated Statements of Financial Position

As at December 31, 2000 and 1999

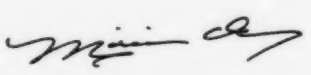
($ Thousands)	2000	1999
Assets		
Cash in hands of agents	$ 12,365	$ 3,376
Investments (note 4)	5,841,304	5,606,029
Accrued interest receivable	68,547	66,801
Premiums and other receivables	50,543	54,602
Deferred premium acquisition costs	59,264	73,332
Accrued pension benefit (note 12)	8,080	–
Property and equipment (note 5)	151,305	141,470
	$ 6,191,408	$ 5,945,610
Liabilities and retained earnings		
Cheques outstanding	$ 66,593	$ 65,442
Accounts payable and accrued charges	221,142	171,039
Road safety dividend payable (note 3)	218,500	–
Post-retirement benefits (note 12)	41,838	35,169
Premiums and fees in advance	26,321	26,768
Deferred investment gains and losses (note 6)	96,179	195,718
Unearned premiums	1,111,255	1,100,175
Unpaid claims	3,889,839	3,970,298
	5,671,667	5,564,609
Retained earnings		
Rate Stabilization Reserve (note 10)	459,741	381,001
Safer Roads Fund (note 11)	60,000	–
	519,741	381,001
	$ 6,191,408	$ 5,945,610

Contingent liabilities and commitments (note 14)

Approved by the Board



Robert Williams
Chair of the Board of Directors



Miriam Olney
Director

Consolidated Statements of Retained Earnings

For the years ended December 31, 2000 and 1999

($ Thousands)	2000	1999
Retained earnings		
Rate Stabilization Reserve (note 10)		
Balance, beginning of year	$ 381,001	$ 285,278
Net income for the year	138,740	95,723
Appropriation to Safer Roads Fund	(60,000)	
Balance, end of year	459,741	381,001
Safer Roads Fund (note 11)		
Balance, beginning of year	–	–
Appropriation from Rate Stabilization Reserve	60,000	–
Balance, end of year	60,000	–
	$ 519,741	$ 381,001

Consolidated Statements of Cash Flow

For the years ended December 31, 2000 and 1999

($ Thousands)	2000	1999
Cash flows from operating activities		
Cash received from:		
Agents for vehicle premiums, licence fees and social services taxes	$ 2,893,510	$ 2,870,074
Collection for driver penalty point premiums, subrogation and other receivables	236,674	193,011
Salvage sales	43,837	43,811
Interest	330,476	349,542
Capital gains (losses) realized	160,756	(81,001)
Dividends and other investment income received	35,181	4,594
Cash paid to:		
Claimants or third parties on behalf of claimants	(1,933,052)	(1,949,066)
Province of B.C. for licence fees and social service taxes collected	(358,966)	(356,527)
Suppliers of goods and services	(330,388)	(307,972)
Employees for salaries and benefits	(352,497)	(327,027)
Agents for commissions	(165,448)	(163,036)
Policyholders for premium refunds	(186,125)	(174,049)
Policyholders for road safety dividend	–	(49,157)
Province of B.C. for premium taxes	(96,179)	(93,906)
All others	(1,270)	2,019
Cash flows from operating activities	$ 276,509	$ (38,690)
Cash flows used in investing activities		
Change in net investments	(235,372)	36,310
Cash payments to vendors of land, buildings and equipment	(34,060)	(44,705)
Proceeds from sales of land, buildings and equipment	761	985
Cash flows used in investing activities	$ (268,671)	$ (7,410)
Increase (decrease) in cash and cash equivalents during the year	7,838	(46,100)
Cash and cash equivalents, beginning of year	(62,066)	(15,966)
Cash and cash equivalents, end of year	$ (54,228)	$ (62,066)
Represented by:		
Cash in hands of agents	12,365	3,376
Cheques outstanding	(66,593)	(65,442)
	$ (54,228)	$ (62,066)

> 1. PURPOSE

The Insurance Corporation of British Columbia (the Corporation) is a Crown corporation incorporated in 1973 under the Insurance Corporation Act, R.S.B.C. 1979 Chapter 201. The Corporation operates and administers a plan of automobile insurance as established under the Insurance (Motor Vehicle) Act and, as required by legislation, reports the revenues and expenses attributable to that plan separately from other operations of the Corporation, if any.

The Corporation provides mandatory basic insurance coverage, which includes $200,000 third party legal liability protection, accident benefits to help with the immediate and long-term needs of crash victims and under insured motorist protection, to all licensed vehicle owners in B.C. The Corporation also offers extended third party legal liability and other optional insurance coverage in a competitive environment. The Corporation's products are marketed through over 900 independent agents located throughout the province. The Corporation has the power and capacity to act as an insurer and reinsurer in all classes of insurance; however, the Corporation currently only acts as a primary auto insurer.

Under the Insurance Corporation and Motor Vehicle Acts, the Corporation is also responsible for vehicle licensing, registration and issuance of driver licences, vehicle standards and inspections, commercial transport regulation, weigh scale operations and enforcement of vehicle weights and dimensions, motor carrier licensing support, road inspections, and enforcement and compliance audits.

> 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The consolidated financial statements of the Corporation, as required by the Insurance Corporation Act, are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted are noted below. The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary company, ICBC Properties Ltd.

Investments and Investment Income

Bonds and mortgage-backed securities are valued at amortized cost with any premium or discount on purchase being deferred and amortized over the average term to maturity. Money market securities and equities are valued at cost. Income on interest-bearing securities is accrued daily. Real estate held for investment consists of income producing properties which are recorded at net book value. Dividends on equity investments are recognized as income on their payment dates. If the value of an investment suffers a loss in value that is other than a temporary decline, the investment will be adjusted to the estimated realizable value with the adjustment being included in investment income.

Capital gains and losses realized on bond sales are deferred and amortized over the average term to maturity or 60 months, whichever is less. Capital gains and losses on money market securities and equity investments are included in income in the period realized.

The Corporation uses interest rate swap contracts to manage interest rate risk. Payments and receipts under interest rate swap contracts are recognized as adjustments to investment income on a basis that matches them with the related fluctuation in the interest receipts and payments under a floating rate.

Pensions and Post-retirement Benefits

Commencing in 2000, the Corporation has prospectively adopted the standards for employee future benefits set out in Section 3461 of the *CICA Handbook* by accruing its obligations net of plan assets using the following rules:

> The cost of pensions earned by employees is actuarially determined using the projected benefit method pro-rated in service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

> The expected return on plan assets is calculated using the fair value of the assets.

> Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

> The excess of the net actuarial gain (loss) over 10 per cent of the greater of the benefit obligation and the fair value of plan assets is amortized over the 14 year average remaining service period of active employees. The Corporation's pension obligations in 1999 were recorded using defined contribution accounting. Defined contribution plan accounting is applied to the B.C. Public Service Pension Fund for which the Corporation has insufficient information to apply defined benefit plan accounting.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and amortization. Software development costs, which comprise labour and material costs for design, construction, testing, implementing and other related costs, are capitalized for major infrastructure projects expected to be of continuing benefit to the Corporation. Other development costs (including certain preliminary research, design and development expenses relating to leading edge information technology projects, where the potential future benefits are uncertain or not quantifiable and expenses related to re-engineering efforts) are expensed as incurred.

Depreciation is provided on a straight-line basis at the following rates: buildings 5 – 10 per cent, furniture and equipment 10 – 33 per cent and software development 10 – 20 per cent. Leasehold improvements are amortized over the term of each lease.

Unearned Premiums

The Corporation earns vehicle and driver premiums evenly over the term of each vehicle policy or driver's penalty point premium. Unearned premiums is the portion of premiums relating to the unexpired term.

Deferred Premium Acquisition Costs

Deferred premium acquisition costs, represented by commissions and premium tax expenses, relate directly to the writing of policies and are deferred and amortized to income, to the extent recoverable, over the term of the policies.

Unpaid Claims

The provision for unpaid claims is carried on a non-discounted basis and includes an estimate for reported and unpaid claims and expenses, based on the claim settlement experience of the Corporation, current trends and a detailed regular review and update. Also included is an estimate for claims incurred but not reported in the year.

The provision for unpaid claims and adjustment expenses are estimates subject to variability, and the variability could be material in the near term. All changes in estimates are recorded as incurred claims and prior year adjustments in the current period. Methods of estimation have been used which the Corporation believes produce reasonable results given current information.

The estimation of claims development involves assessing the future behaviour of claims taking into consideration the consistency of the Corporation's claim handling procedures, the amount of information available and historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates become. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

The ultimate cost of long settlement automobile liability claims is difficult to predict for several reasons, including claims not being reported until many years after a policy expires, or changes in the legal environment. Provisions for such difficult-to-estimate liabilities are established by examining the facts of tendered claims and are adjusted in the aggregate for ultimate loss expectations based upon historical experience patterns, current socio-economic trends and structured settlements provided in the form of consistent periodic payments as opposed to lump sums (see Note 14).

In common with the insurance industry in general, the Corporation is subject to litigation arising in the normal course of conducting its insurance business, which is taken into account in establishing the provision for unpaid claims and adjustment expenses.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The more subjective of such estimates are unpaid claims, provisions for doubtful accounts and deferred premium acquisition costs. Management believes its estimates to be appropriate; however, actual results may be significantly different from these estimates and would be reflected in applicable future periods.

> 3. ROAD SAFETY DIVIDEND

By a special Board resolution the Corporation has decided to pay its policyholders a share of its 2000 income as a road safety dividend. This dividend will be paid in the form of cash to policyholders, including fleets, and will total $218.5 million, including direct distribution costs.

Policyholders with a 40 per cent or better Claims Rated Scale discount will receive a dividend of $100 per policy, and policyholders between the base rate and the 30 per cent discount level at year end will receive $50 per policy. Fleets will receive a dividend of $50 per vehicle. Policyholders or fleet vehicles having insurance for less than a full year will receive a dividend on a pro-rated basis.

> 4. INVESTMENTS

($ Thousands)	2000		1999	
	Cost	Fair Value	Cost	Fair Value
Money market securities	$ 269,476	$ 269,476	$ 1,027,570	$ 1,027,570
Bonds	4,787,960	4,876,378	4,051,703	3,939,379
Equities	589,254	829,579	481,526	777,400
Real estate	194,614	187,691	45,230	46,124
	$ 5,841,304	$ 6,163,124	$ 5,606,029	$ 5,790,473

The estimated fair value of money market securities is cost. The estimated fair value for equities and bonds is quoted market values. The estimated fair value of real estate is the most recent B.C. Assessment Authority values, except for the Central City project whose fair value is cost. While the B.C. Assessment Authority's valuation of the real estate portfolio is lower than the carrying cost, management believes that the carrying cost is fully recoverable.

During the year the Corporation transformed a portion of its fixed rate corporate bond holdings into floating rate assets by purchasing interest rate and cross-currency interest rate swaps. Interest rate swaps involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount. The total notional amount outstanding at December 31, 2000 is $25.7 million. Cross-currency interest rate swaps involve the exchange of both principal amount and fixed floating interest rate payment obligations in two different currencies. The notional amount of cross-currency interest rate swaps outstanding at December 31, 2000 is $41.8 million Canadian.

At December 31, 2000, these swap contracts all had remaining terms between one and five years with an average receiving floating interest rate of the three-month Canadian Deposit Overnight Rate (CDOR) plus 29.4 basis points and an average pay interest rate of 6.58 per cent. The interest swaps had an estimated fair value of $(1.7) million at December 31, 2000.

During the year the Corporation sold equity option contracts which at December 31, 2000 potentially obligate it to purchase $21.5 million in Canadian equities within twelve months. The options had an estimated fair value of $(4.5) million at December 31, 2000.

The Corporation also participates in a securities lending program managed by a federally regulated financial institution whereby it lends securities it owns to other financial institutions to allow them to meet delivery commitments. The Corporation receives securities of equal or superior credit quality as collateral for securities loaned and records commissions on transactions as earned. At December 31, 2000, securities with an estimated fair value of $940 million (1999 - $408 million) have been loaned and securities with an estimated fair value of $987 million (1999 - $428.4 million) received as collateral.

The Corporation enters into sell/buyback transactions whereby Government of Canada bonds are sold and simultaneously repurchased at a future date with the market repo rate determining the forward contract price. The Corporation has the obligation at December 31, 2000 to repurchase $76.9 million (1999 - $610.0 million) of Government of Canada bonds.

> 5. PROPERTY AND EQUIPMENT

($ Thousands)	2000 Cost	2000 Net Book Value	1999 Cost	1999 Net Book Value
Land	$ 28,591	$ 28,591	$ 27,329	$ 27,329
Buildings	153,352	53,643	150,101	56,657
Furniture and equipment	148,860	53,880	119,187	42,880
Software development	15,715	8,655	15,529	10,629
Leasehold improvements	11,664	6,536	7,529	3,975
	$ 358,182	$ 151,305	$ 319,675	$ 141,470

Depreciation expense for the year ended December 31, 2000 amounted to $32.2 million (1999 - $27.9 million).

> 6. DEFERRED INVESTMENT GAINS AND LOSSES

($ Thousands)	2000	1999
Net balance deferred - beginning of year	$ 195,718	$ 360,107
Net realized gain (loss) during year	(8,784)	(48,096)
Amount included in investment income	(90,755)	(116,293)
Net balance deferred - end of year	$ 96,179	$ 195,718

> 7. TRAFFIC SAFETY AND LOSS MITIGATION PROGRAMS

Included in Claims services and Expenses are expenditures and investments in support of the development and operation of traffic safety and loss mitigation programs, which have resulted in savings and net benefits to the Corporation as a result of a reduction in claims and other costs. The spending on traffic safety and loss mitigation programs is as follows:

($ Thousands)	2000	1999
a) Commercial Vehicle Services This pertains to commercial vehicle compliance enforcement. It includes the operations of a network of province-wide compliance centres and the establishment and monitoring of safety standards such as the National Safety Code. Compliance operations are undertaken as part of the Corporation's overall focus on driver, vehicle and road safety.	$ 29,993	$ 27,094
b) Traffic Safety Management This includes all funding and expenses paid by the Corporation related to various engineering and enforcement programs designed to prevent crashes and injuries on B.C. roads. These programs include Speed Enforcement, Remediation for Impaired Drivers, Photo Radar, Intersection Safety Cameras and Road Improvements.	47,965	49,093
c) Fraud and Claims Reduction Management This includes all funding and expenses related to programs aimed at the reduction of claims costs through injury mitigation and management and the detection and elimination of fraud.	20,799	20,763
d) Educational Programs This includes all funding and expenses related to educational, research and advertising programs such as Graduated Licensing, Automated Driver Knowledge Testing, and Crash Crime Contravention.	29,119	32,282
	$ 127,876	$ 129,232

> 8. REINSURANCE

In 1998 the Corporation obtained casualty and catastrophe reinsurance to protect against significant losses as follows:

a) up to $100 million in excess of $25 million annually for catastrophic occurrences;

b) up to $75 million in excess of $72 million annually for aggregate pool coverage comprised of the excess over $1 million on individual loss occurrences, subject to limits in (c); and

c) up to $12 million in excess of $3.5 million for individual loss occurrences.

These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer. From January 1993 to November 1998, the Corporation did not reinsure the policies it underwrote as primary insurer. The Corporation has not made any claims against this policy to date, but continues to monitor the development of large claims.

> 9. RELATED PARTY TRANSACTIONS

The Corporation acts as agent for the Ministry of Finance and Corporate Relations regarding the collection of social services taxes on privately sold used vehicles and motor vehicle related debts. The Corporation is the sole provider of compulsory automobile insurance in British Columbia and therefore insures at market rates an indeterminate number of vehicles owned or leased by the government of the Province and its controlled entities. As a consequence of these relationships, the Corporation has at any time amounts owing to or from various government departments or ministries in the ordinary course of business.

The Corporation is responsible for collecting all vehicle-related revenue for acquiring and distributing licence plates and decals, including permit and other fees under the Motor Vehicle Act and fines under the Offense Act. Revenues from the sale of licences and permits are recorded as they are received and revenues from fines are recognized on an accrual basis. Funds are remitted to the Province of British Columbia as they are received. The costs associated with the licence and compliance activities conducted on behalf of the Province are included in the statements of operations as expenses of the Corporation.

> 10. RATE STABILIZATION RESERVE

The Rate Stabilization Reserve is intended to protect motorists from significant rate increases made necessary by abnormally high losses arising from unusual events or factors.

> 11. SAFER ROADS FUND

The Board of Directors approved the transfer of $60 million from the Rate Stabilization Reserve to create the Safer Roads Fund ("Fund"). This Fund will be used to finance road safety capital projects and community road safety initiatives. Programs to be funded from this Fund include:

> Highway Safety Program – funding for roadside safety programs and road improvement programs devoted to projects that will reduce crashes on rural roads.

> Cycling Safety Endowment Program – two cycling safety programs devoted to designated bikeways and a safety-conscious infrastructure program and to produce perpetual funding for future cycling safety projects.

> Roundabouts Program – installation of roundabouts at high-risk intersections.

> 12. PENSION PLANS AND POST-RETIREMENT BENEFITS

The Corporation maintains contributory, defined benefit pension plans (the "Plans") that provide retirement benefits for regular employees, other than the employees of the former Motor Vehicle Branch, based on their length of service and highest years' average earnings. The Plans are funded through trust funds held by a corporate trustee separately from all other assets of the Corporation. The employees transferred to the Corporation from the former Motor Vehicle Branch belong to the B.C. Public Service Pension Plan administered by the British Columbia Pension Corporation. The Corporation pays post-retirement benefits for its retirees–Medical Services Plan, life insurance premiums, extended health care and dental costs.

Information regarding the Plans and post-retirement benefits is as follows:

($ Thousands)	Pension Plans		Post-retirement benefits	
	2000	1999	2000	1999
Accrued benefit obligation				
Balance at beginning of year	$ 389,300	$ 339,746	$ 35,169	$ 23,351
Current service cost	22,580	18,621	4,485	3,914
Interest cost	27,570	25,500	2,604	2,196
Employees' contribution	10,785	10,879		
Actuarial adjustment	(24,553)	1,893		6,128
Benefits paid	(8,504)	(7,339)	(420)	(420)
Balance at end of year	417,178	389,300	41,838	35,169
Plan assets				
Fair value at beginning of year	486,600	423,800		
Actual return on plan assets	51,710	46,146		
Employer contributions	9,850	13,114	420	420
Employees' contributions	10,785	10,879		
Actuarial adjustment	3,275			
Benefits paid	(8,504)	(7,339)	(420)	(420)
Fair value at end of year	553,716	486,600	0	0
Funded status — plan surplus (deficit)	136,538	97,300	(41,838)	(35,169)
Unamortized net actuarial losses/(gains)	(12,034)			
Unamortized transitional obligation/(asset)	(116,424)			
Accrued benefit asset (liability)	$ 8,080	–	$ (41,838)	$ (35,169)

The Plans' assets consist of Canadian and foreign equities and government and corporate debt instruments.

Included in the above accrued benefit obligation and fair value of plan assets at year-end are the following amounts in respect of plans that are not fully funded:

($ Thousands)	Pension Plans 2000	Pension Plans 1999	Post-retirement benefits 2000	Post-retirement benefits 1999
Accrued benefit obligation	$ 9,249	$ 4,000	$ 41,838	$ 35,169
Fair value of plan assets	–	–	–	–
Funded status — plan deficit	$ 9,249	$ 4,000	$ 41,838	$ 35,169

($ Thousands)	Pension Plans 2000	Post-retirement benefits 2000	Post-retirement benefits 1999
Current service cost	$ 22,580	$ 4,485	$ 3,914
Interest cost	27,570	2,604	2,196
Actuarial adjustment	–	–	6,128
Expected return on plan assets	(39,675)	–	–
Amortization of transition asset	(8,705)	–	–
Net expense	$ 1,770	$ 7,089	$ 12,238

The Corporation's pension plan expense for 1999 was $13.1 million, which represents the Corporation's contribution to the Plans.

The Corporation contributed $2.3 million in 2000 (1999 - $2.6 million) to the B.C. Public Service Pension Plan.

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows (weighted-average assumptions as of December 31):

	Pension Plans 2000	Pension Plans 1999	Post-retirement benefits 2000	Post-retirement benefits 1999
Discount rate	7.0%	7.0%	7.0%	7.0%
Expected long-term rate of return on plan assets	8.0%	7.0%	–	–
Rate of compensation increase plus merit and promotion	3.5%	4.0%	3.5%	4.0%
Extended health care trend rate*	–	–	12.0%	12.0%
Medical Services Plan trend rate	–	–	3.0%	3.0%
Dental trend rate	–	–	3.0%	3.0%

* 12.0% for the 1st 10 years, 6.0% thereafter

> 13. FAIR VALUE

Fair value represents a point-in-time estimate that may not be relevant in predicting the Corporation's future earnings or cash flows. The fair value of financial instruments, other than unpaid claims (note 2), investments (note 4), and post-retirement benefits (note 12), approximate their carrying value.

> 14. CONTINGENT LIABILITIES AND COMMITMENTS

a) The Corporation periodically settles more serious injury claims through the use of structured settlements, requiring the Corporation to provide the claimant with periodic payments, usually for a lifetime. The Corporation purchases an annuity from an approved life insurance company to make these payments. At present, four federally licensed life insurance companies are approved for use by the Corporation. The list of approved insurance companies is determined by ongoing analysis of total assets, credit rating reports and past service history. The gross amount of these structured settlements at December 31, 2000 is approximately $498 million (1999 - $460 million). In the event the life insurance company fails in this obligation, the Corporation remains responsible to continue the payments. To date the Corporation has not experienced any losses resulting from these arrangements.

b) In the normal course of business, the Corporation has entered into significant finance contracts under its Autoplan12 Program whereby policyholders finance their Autoplan premiums. In this respect, the Corporation has provided guarantees to the financial institution for the total amount outstanding at any time. During 2000, the total amount financed was approximately $1.0 billion (1999 - $1.0 billion). The Corporation recorded an estimated loss of $6.6 million in 2000 (1999 - $6.7 million) for premiums financed under the Autoplan12 program during the year.

c) The Corporation has $120.8 million in outstanding commitments related to the Central City development, whose estimated total development cost is $209.4 million.

d) The Corporation has entered into operating leases of certain rental properties for varying terms. The annual rental payments pursuant to these leases over the next five years are as follows:

($ Thousands)	
2001	$ 8,681
2002	5,346
2003	3,660
2004	1,219
2005	32
	$ 18,938

> 15.COMPARATIVE FIGURES

Certain comparative figures in the consolidated statements of operations have been reclassified to conform to the current year's presentation.

Management's Responsibility for Financial Statements

Scope of Responsibility

Management prepares the accompanying financial statements and related information and is responsible for their integrity and objectivity. The statements were prepared in conformity with Canadian generally accepted accounting principles. These financial statements include amounts that are based on management's estimates and judgments, particularly our reserves for losses and loss adjustment expenses. We believe that these statements present fairly the Corporation's financial position and results of operations and that the other information contained in the annual report is consistent with the financial statements.

Internal Controls

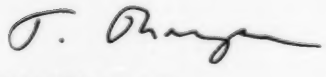
We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. Our corporate audit services department also independently reviews and evaluates these controls. We recognize the inherent limitations in all control systems and believe that our systems provide an appropriate balance between costs and benefits desired. We believe our systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Independent Auditors

Our independent auditors, PricewaterhouseCoopers LLP, have audited the financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of our internal controls to the extent necessary to form an independent opinion on the financial statements prepared by management.

Audit Committee

The Audit Committee, composed of members of the Board of Directors of the Insurance Corporation of British Columbia, oversees management's discharge of its financial reporting responsibilities. The Committee meets periodically with management, our internal auditors and representatives of our external auditors to discuss auditing, financial reporting and internal control matters. Both internal and external auditors have access to the Audit Committee without management's presence.



Thom Thompson
President & CEO

Geri Prior
Vice-President, Finance
and Chief Financial Officer

Board of Directors

Joy MacPhail

Appointed Minister of Education on November 1, 2000; remains Deputy Premier; served as Minister of Labour and Deputy Premier from February 2000 to November 2000; born in Hamilton, Ontario, studied economics at the University of Western Ontario and the London School of Economics and worked as an economist with labour organizations including the B.C. Federation of Labour.

Robert Williams

Appointed Chair of ICBC's Board of Directors in July 1998; educated at UBC, has a Master's degree in community and regional planning; currently also chair of VanCity Capital Corporation; has served as a Vancouver City alderman, MLA for Vancouver East, and provincial cabinet minister; Chair of the Planning and Finance Committee.

Thom Thompson

President & CEO since October 1995; MA from Simon Fraser University; started his career in insurance, then worked nearly 20 years at B.C. Hydro, most recently as Senior Vice-President.

Diana Cabott AIIC, CAIB

B.C. born and educated; Manager Director, Life and General, Whillis-Harding Insurance Agencies Ltd. in the Okanagan. Diana has been involved in insurance and real estate community for 20 years; an associate of the Insurance Institute of British Columbia; Chair of the Transportation and Safety Committee.

Herschel Hardin

Author, analyst and expert in public enterprise matters; Alberta-born, earned BA at Queens University, Kingston, Ontario; former broadcaster and editorial-page columnist, also known for his writing on economic history, business and finance generally; Chair of the Product Committee.

John Mika

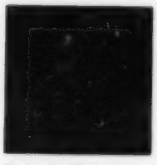
Worked 19 years as a journalist. In 1973, as executive assistant to Highways Minister Robert Strachan, helped draft legislation that created ICBC; later was an assistant to former Premier Dave Barrett; served on Saanich Municipal Council 1977 - 1996; appointed to ICBC Board in 1992, he has chaired its Finance and Planning, Investment and Governance Committees.

Miriam Olney

Served as Chair of ICBC Board of Directors 1993-1998; UBC-educated; prior to her retirement in 1998, was Director of Pensions & Benefits for the UFCW and also served as executive council member of B.C. Federation of Labour; currently a member of the B.C. Labour Relations Board and community organizations; Chair of the Audit and Pension Committees.

Andrew Saxton

Deputy Chairman of Allied Hotel Properties Inc; Chairman, King George Financial Corporation; Director of Canadian Commercial Corporation, Ottawa; former President, Elite Insurance Company, and Chairman, Grouse Mountain Resorts; a co-founder of BCTV and of Laurentide Financial Corporation; has held numerous other directorships in corporate and community organizations; Chair of the Investment Committee.



Rosalie Tung, Ph.D.

Professor of International Business at Simon Fraser University; holds the Ming and Stella Wong Chaired Professorship; earned Ph.D. in Business Administration from UBC in 1977; elected as a Fellow of the Royal Society of Canada and a Fellow of the Academy of Management; author of 10 books; has served on the faculty or as visiting professor at several major universities, like Harvard; Chair of the Compensation Committee.

Vasso Vahlas

Businesswoman and career counsellor; Board member, Canadian Research Institute for the Advancement of Women, and a member of the executive of the National Women's Reference Group on Labour Force and Training Issues.

Dean Washington

President of 21st Century Sports Inc. and Winfo Enterprises Inc., publishers of RPM Motoring Monthly, Golfer Magazine and Winner's Edge. Also producers of The Sports Zone daily radio show.

Gordon Westrand

Former Vice-President of the B.C. Federation of Labour and Canadian President of the Longshoremen's Union (ILWU); has served on several transportation industry bodies; former Chair of Coquitlam School Board.

Executive Committee

From left: Tom Ball – *VP Investments and Chief Investment Officer*, Bill Goole – *Senior VP Sales and Service*, Geri Prior – *VP Finance and CFO*, Linda Robertson – *Senior VP and Corporate Secretary*, Keith Stewart – *VP Information Services*, Thom Thompson – *President and CEO*, Shelley Milne – *VP and General Counsel*, Darlene Hyde – *Senior VP Corporate and Government Relations*, Donnie Wing – *VP Strategy and Planning*, John Hancock – *Senior VP Insurance*

Regional Vice-Presidents

From left: Sue Carle – *Greater Vancouver West*, Terry Condon – *Southern Interior*, Gord Parsons – *Fraser Valley*, Nettie Wagner – *Vancouver Island*, Lidi Holler – *Greater Vancouver East*, Dale Bumstead – *North/Central*

Neil Weatherston remembered > ICBC lost one of its hardest working and most respected executives in March of 2001. Neil Weatherston, Executive Vice-President, passed away following a valiant battle against cancer.

In his more than 24 years of service to ICBC, Neil came to know the corporation inside out. He worked as Manager Operations, Information Services; Manager Operations, Insurance Services; Manager, Material Damage Claims; Manager, Bodily Injury Claims and Manager, Claims Technical Services and Planning before being made Vice-President Claims in 1993. In 1997 Neil also assumed accountability for the Motor Vehicle Licensing Operations and Compliance. In December 1999 he was promoted to Executive Vice-President which signified his role as Chief Operating Officer.

Neil was passionate about the people of ICBC and the Corporation's leadership role in the area of rehabilitation. He believed that ICBC's resources and talents could enrich the lives of severely injured people. Of his many strengths, one of the most outstanding was his ability to think strategically to create a better future for ICBC. This he did throughout his career.

Corporate Directory

FRASER VALLEY

Claims Centres*
Abbotsford
Chilliwack
Langley
Surrey (2)

Driver Services Centres**
Abbotsford
Langley
Mission
Surrey

Fixed Weigh Scales
Abbotsford
Hope (3)
Nordel Way
Pacific (Surrey)
Patullo Bridge (2)
Port Mann (2)

GREATER VANCOUVER EAST

Claims Centres*
Burnaby (2)
Coquitlam
Maple Ridge
New Westminster
Richmond (2)

Driver Services Centres**
Burnaby
Coquitlam
Richmond

Fixed Weigh Scales
Deas Tunnel

GREATER VANCOUVER WEST

Claims Centres*
North Vancouver (2)
Squamish
Vancouver (5)

Driver Services Centres**
North Vancouver
Vancouver (3)

Fixed Weigh Scales
West Vancouver

VANCOUVER ISLAND

Claims Centres*
Campbell River
Courtenay
Duncan
Nanaimo
Port Alberni
Powell River
Victoria (2)

Driver Services Centres**
Nanaimo
Victoria (2)

Fixed Weigh Scales
Duncan (2)
Parksville
Saanich

SOUTHERN INTERIOR REGION

Claims Centres*
Cranbrook
Kamloops
Kelowna
Nelson
Penticton
Salmon Arm
Trail
Vernon

Driver Services Centres**
Kamloops
Kelowna

Fixed Weigh Scales
Castlegar
Golden
Kaleden
Kamloops (2)
Kelowna
Rossland
Sparwood
Vernon
Yahk

NORTH/CENTRAL REGION

Claims Centres*
100 Mile House
Dawson Creek
Fort St. John
Prince George
Prince Rupert
Quesnel
Smithers
Terrace
Williams Lake

Driver Services Centres**
Prince George

Fixed Weigh Scales
Burns Lake
Chetwynd
Dawson Creek
Fort Nelson
Fort St. John
Pouce Coupe
Prince George (2)
Quesnel
Terrace
Tete Jaune Cache
Vanderhoof
Williams Lake

Executive Office
Suite 2600
200 Granville Street
Granville Square
Vancouver, B.C.
V6C 1S4

Administrative Office
151 West Esplanade
North Vancouver, B.C.
V7M 3H9

To contact ICBC:
Tel 604 661 2800
www.icbc.com
1 800 663 3051

Auditors
PricewaterhouseCoopers LLP
Vancouver, B.C.

Banker
Royal Bank of Canada

*The Corporation also operates many satellite claims service locations across B.C.

**In many B.C. communities, vehicle-related services are also available from B.C. Government Agents' offices.